

Job provider accused of using dead people, prisoners to inflate numbers: audit



Indigenous Affairs Minister Nigel Scullion. Picture: AAP

- The Australian
- 1 November 2017
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Jobs agencies have been accused of claiming fees for dead people and prisoners, lying about attendance and misappropriating funds, according to an audit of the federal government's \$1.6 billion national remote employment scheme.

About 20 per cent of all jobs service providers were deemed at high or very high risk of fraud in May 2016, while 37 per cent were assessed as financially vulnerable and 42 per cent as "not delivering activities and services" effectively or otherwise missing goals.

The Department of Prime Minister and Cabinet's own monitoring identified nine providers as having rorted the Community Development Program in 2015 and last year, but referred only three to its fraud team for assessment. "Given the serious nature of the non-compliance and the fact that it generated overpayments to providers ... the matters should have been promptly referred," the audit said.

Almost \$700,000 of misappropriated funds were recovered last year, but early results from another assessment identified further issues around "attendance and compliance".

The Australian National Audit Office examined the design and implementation of the CDP. According to its report, released yesterday, the scheme costs about \$10,500 per participant — about double the cost of its predecessor and about five times the cost of the much bigger Jobactive program operating in urban and regional areas.

The audit found that although some providers were claiming as much as \$31,400 per participant, the new scheme had delivered only marginal improvements over its predecessor, the Remote Jobs and Communities Program.

The proportion of people given work who were still employed 13 weeks later rose only from 41 per cent per month under RJCP to 47 per cent under CDP, while the proportion of those still employed 26 weeks after placement rose from 26 per cent to 34 per cent.

Indigenous Affairs Minister Nigel Scullion welcomed the report, saying it had “recognised effective implementation” of the CDP. “We are getting jobseekers in remote Australia off welfare and into work,” he said.

“The CDP is working, with 93 per cent of eligible jobseekers placed in work-like activities and active participation now at 72 per cent.” But he added: “We will soon commence consultation on a new remote employment model for Australia.”

The CDP involves about 33,000 mostly indigenous jobseekers and about 40 third-party service providers. The scheme requires participants to do 25 hours of “work-like” activity a week in return for regular unemployment benefits.

Although the audit did say the transition from RJCP to CDP had been “largely effective”, it highlighted numerous problems. In one instance, after the government urged providers to make use of a particular bucket of funds, the department registered \$13 million worth of payments over a two-day period, about one-third in a category not requiring prior approval.

“PM&C’s review of expenditure ... indicated that 30 per cent of the commitments/claims in 2014-15 did not meet evidentiary requirements,” the audit said.

The report highlighted one provider that allegedly “inflated CDEP numbers with people in jail or deceased”.

About 54 per cent of all jobseeker non-participation reports that triggered investigations by the Department of Human Services were associated with CDP, despite that program comprising only 5 per cent of the Jobactive caseload, the report noted.

During fieldwork, the ANAO observed providers failing to properly report attendance, “including where timesheets were signed for an activity that was not delivered”.

“Some providers had no systematic approach to monitoring and reporting partial attendance,” the report said.

CDP providers are paid according to self-reported data.

The audit found a “working draft of a two-page evaluation strategy overview” was not developed until more than five months after the program began, and it was still not

possible to say decisively whether the scheme was working. It made one recommendation: that the Department of the Prime Minister and Cabinet review the CDP to better align its payment provider payments structure with the “underlying policy objectives”. That recommendation was accepted.